

Idaho Legislative Audits  
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## Idaho State Independent Living Council

### Management Report on Internal Control

Issued: October 18, 2005  
Fiscal Year: 2005



## EXECUTIVE SUMMARY LEGISLATIVE AUDITS

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### IDAHO STATE INDEPENDENT LIVING COUNCIL

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**PURPOSE AND SCOPE.** In planning and making our study of the internal control policies and procedures, we performed certain procedures to evaluate the effectiveness of the Idaho State Independent Living Council's internal control design and operation. Consequently, the limited scope of our procedures does not allow us to give an opinion on the Council's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed.

Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. The Council requested this evaluation in order to strengthen internal controls and improve operations.

**CONCLUSION.** This is the first audit of the Council since it became a separate entity in July 2004. We commend the Council staff for its efforts to establish internal control policies and procedures. The one finding and recommendation noted as a result of applying the audit procedures referred to above, if addressed, would improve and strengthen the Council's internal control structure and operating efficiency. These matters are discussed in the findings and recommendations section of this report.

**FINDINGS AND RECOMMENDATIONS.** We have summarized the finding and recommendation below. The recommendation is made to assist management in fulfilling its responsibility to establish and maintain adequate internal controls.

**FINDING #1.** The Council's internal control policies are not consistently followed and, in some cases, need strengthening. The State Independent Living Council was created as an entity independent from other State agencies in July 2004. Prior to fiscal year 2005, the Council was part of the Division of Vocational Rehabilitation. Since becoming a separate entity, the Council has established a relationship with the State Controller's Office to use the State accounting system (STARS), and has made a good effort in drafting some policies and procedures. However, some of the internal control procedures are not consistently followed or need strengthened, such as: the budget-to-actual report did not reconcile to the accounting system; transactions were not always coded in a consistent manner; and accounting staff does not have a complete understanding of STARS.

**We recommend** that the Council staff contact the State Controller's Office for additional STARS training and follow accounting procedures in a consistent manner.

**PRIOR FINDINGS AND RECOMMENDATIONS.** This is the first audit report since the Council was established. Consequently, there are no prior findings and recommendations.

**AGENCY RESPONSE.** In the spring of 2005, the Council requested an audit by Legislative Services to assist the Council and its staff in determining if policies and procedures drafted were appropriate. The Council specifically requested Legislative Audits to identify weaknesses in order to strengthen the Council's internal controls and to

improve operations. The Council would like to express its appreciation to Legislative Services for the quick response to its request and for its services and assistance.

The report has been reviewed by the executive director, and the Council concurs with the report and its findings and will expedite the recommended changes outlined in the report.

**FINANCIAL SUMMARY.** The Council is funded by federal grants received from the Idaho Division of Vocational Rehabilitation and the Idaho Commission for the Blind and Visually Impaired, State matching funds for federal grants, and miscellaneous revenue. The Council's total receipts for fiscal year 2005 were approximately \$211,000. The Council also had a transfer in of \$135,700 in fiscal year 2005, resulting from the Council gaining status as an autonomous entity. An opinion is not given on the financial data presented in this report.

**IDAHO STATE COUNCIL ON INDEPENDENT LIVING  
FISCAL YEAR 2005 FINANCIAL SUMMARY**

Beginning Cash Balance	\$0.00
Receipts	
Federal Grants	103,562.13
State Appropriation	40,100.00
Other State Contributions	35,150.00
Interest Income	2,466.99
Rent Income	6,500.00
Miscellaneous Receipts	23,265.01
Transfer from Vocational Rehabilitation	<u>135,725.52</u>
Total Receipts	<u>\$346,769.65</u>
 Total Funds Available	 <u>\$346,769.65</u>
Less Expenditures	
Personnel	\$133,898.88
Operating Expenses	162,387.71
Capital Outlay	3,742.51
Trustee and Benefits	<u>16,000.00</u>
Total Expenditures	<u>\$316,029.10</u>
 Ending Cash Balance	 <u><u>\$30,740.55</u></u>

**OTHER ISSUES.** In addition to the finding and recommendation, we discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Idaho State Independent Living Council and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the executive director, Kelly Buckland, and his staff.

**QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:**

Ray Ineck, CGFM, Supervisor, Legislative Audits

Report IC90505

For a copy of the entire audit report , contact Legislative Services Office, Audit Division, State Capitol Building, 700 W. Jefferson Street, P.O. Box 83720, Boise, Idaho 83720-0054, or call 208-334-3540.
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